





## BLUE CHIPS

By Chester Briner

Many novices in the market are, at first, averse to the idea of buying common stocks. The term "common" doesn't sound as attractive as "preferred." Since we have discussed common stocks in earlier columns, maybe this is a good time to clear up the mystery of preferred stocks.

It is a "preferred" stock because it has certain prior claims over common shares. This priority usually refers to dividends. Dividends are allocated to preferred shares before the common. Frequently, however, the preferred stockholder also has senior claims in the event of liquidation, asset claims, etc. Most of these latter advantages mean little in the case of going concerns. So, for all effective purposes, the prior claim is important only with relation to dividends.

Preferred stocks carry a fixed dividend rate which must be paid before any dividends can be distributed on common stock. In the case of a cumulative preferred stock, any arrearages in preferred dividends must also be paid before common stock dividends may be distributed.

Preferred stock prices, with their fixed dividend, are affected by money rates. By "money rates" we mean the rate of interest on commercial loans. In periods of high interest rates, preferred stocks, like bonds, sell at relatively low prices. Conversely, when interest rates are low, preferred stock prices rise. Thus, a sharp rise or fall in the price of a preferred stock may have nothing at all to do with the credit rating of the issuing companies.

Generally, preferred stocks are bought as income investments because of their fixed dividend. Buying opportunities for appreciation in price do develop occasionally. As a general rule, buying a preferred stock for capital appreciation should be done only under the following conditions: When the stock is selling considerably below par and is low in relation to its past price range. When it is showing a comparatively high rate of return, or when the preferred stock is likely to be helped by good news or favorable market sentiment.

## "Amorous Flea" Opens Tonight

For the first time in recent Laguna Playhouse history, a musical comedy will be presented in the middle of the winter-spring season.

Opening Jan. 10 is "The Amorous Flea," a rollicking musical directed by Doug Rowe. A long run hit in New York City, "Flea" has a book by Jerry Devine and music and lyrics by Bruce Montgomery. For the Playhouse production Bob Corwin is musical director.

Vikki Shore of La Habra stars as Agnes, Warren Deacon of Laguna Beach is Arnolphe and Ed Hollingsworth of Long Beach is Horace. They are supported by Ed Nofziger, Bill Sandidge, Sandra Mathews, James Cooley and Charles Colgan, all of Long Beach.

"The Amorous Flea" is an adaptation of Moliere's "School for Wives." The New York production brought forth such raves as "a fresh and highly

entertaining musical...a fine concoction of clowning, cavorting and catchy tunes."

Costumes are by Laguna Playhouse Children's Theater director Lisa Surette.

"The Amorous Flea" runs Wednesdays through Saturdays through Jan. 27. Reserved seat tickets are now on sale at the Playhouse box office, 319 Ocean Ave., Laguna Beach.

## Kinkead Appointed To Leisure World Post

The appointment of Harley E. Kinkead as controller of the Laguna Hills Division, Leisure World Foundation, was announced this week by Edward L. Olsen, president of the Leisure World Foundation.

In his new role, Mr. Kinkead will be responsible for all financial matters in the community of Leisure World Laguna Hills.

Mr. Kinkead, who will be working with Robert L. Price, Laguna Hills administrator, comments that he is "very pleased to be a part of this dynamic management team."

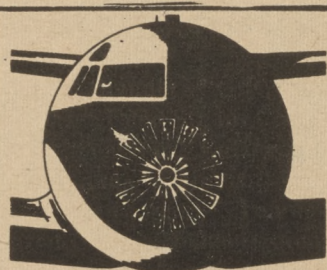
A native of Wichita, Kansas, the new controller earned his bachelor's degree in business administration and accounting from Kansas State University.

Kinkead and his wife, Donna, who is active in the South Coast Hospital Auxiliary, have lived in Laguna Beach for the past 14 years. They are parents of two daughters, Nannette, 18, and Connie, 22.

Mr. Kinkead serves the Niguel-Capistrano Valley Lions Club as first vice president; is a member of the Orange County Controller's Association and belongs to St. Mary's Episcopal Church in Laguna Beach.



HARLEY E. KINKEAD was appointed this week as controller of the Laguna Hills Division, Leisure World Foundation, it was announced by Edward L. Olsen, president of the Leisure World Foundation.



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Laguna Hills:

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Worship and Church School

9:30 A.M.

The Methodist Church

Domenick Tamietti,

Pastor

## MOUNT OF OLIVES

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Sunday services:

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Ages 3 yrs. thru 1st grade:

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Robert H. Lange, Pastor  
Church phone: 837-7467

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## FOOT SPECIALIST

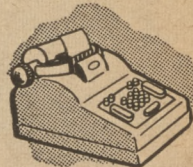
Announces the opening of new offices in

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And twin beds.

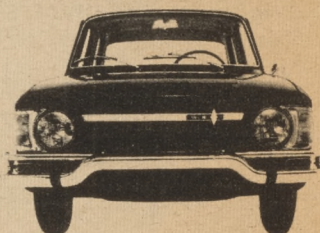
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8:30 a.m. - 5:30 p.m.

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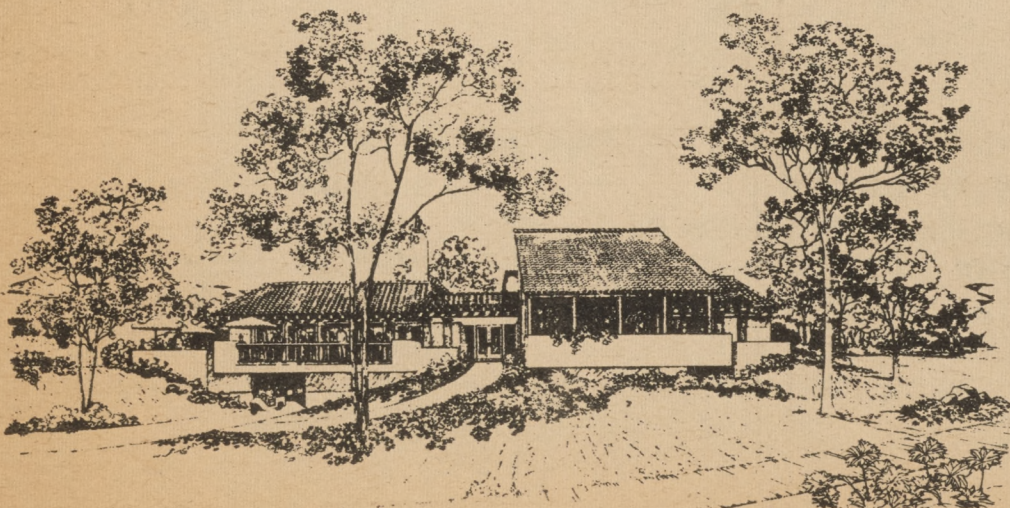
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## TAX TIPS

A tax tip from the California Society of Certified Public Accountants with something to watch for on your personal Federal Income Tax return.

There have been three significant changes in medical expense deductions for 1967. The first is that all taxpayers, regardless of age, may deduct medical expenses only to the extent they exceed 3% of the taxpayer's adjusted gross income.

The second change is that the costs of medicine and drugs are treated as medical expenses only to the extent they exceed 1% of adjusted gross income, again regardless of age. Thus, taxpayers over 65, who could ignore the 3% and 1% limitations in prior years, are now treated the same as other taxpayers.

The third change allows all taxpayers to deduct one-half of the premiums (up to \$150) on medical care insurance carried by the taxpayer on himself or his dependents. This deduction is not subject to the 3% limitation mentioned above.

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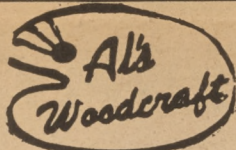
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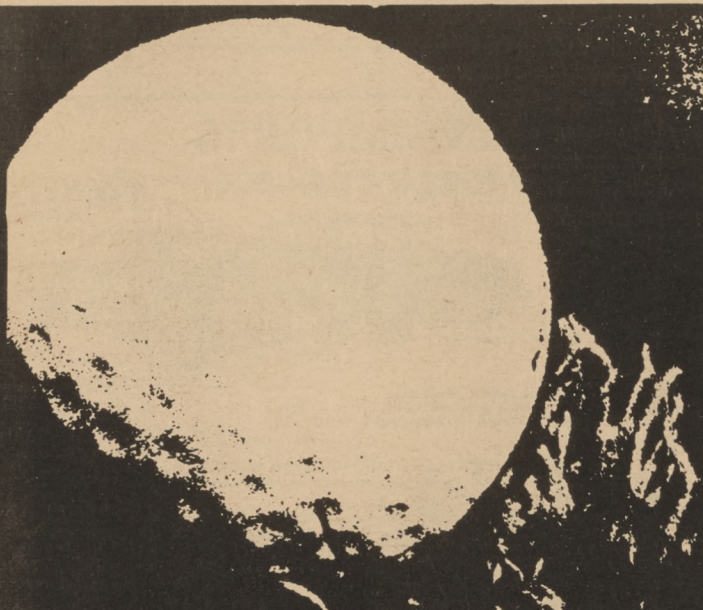
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IN MISSION VIEJO

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there is still time to start a Christmas  
Club Account for next Christmas.

(to the tune of O Christmas Tree)

O money tree, O money tree  
You cannot plant past Janua-ree.  
Your Christmas Club's a money tree  
That blossoms in our nurse-ree,

So you can shop at fav'rite stores  
And give a boost to Santa's chores.

Don't wait too long then sob and sigh  
"I should have started Janua-righ.

We may not spell too well, or rhyme to well  
... but we make very good cents!?

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